



OREGON REHABILITATION ASSOCIATION

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Adult Learning Systems
Albertina Kerr Centers
Alternative Services, Inc.
Alvord Taylor, Inc.
Ashland Supportive Housing &
Community Outreach
Bay Area Rehabilitation
Catholic Community Services
Center Enterprises, Inc.
Center for Cont. Educ. in Rehab.
Center for Continuous Improvement
Chamberlin House, Inc.
Coast Rehabilitation Services
Columbia Gorge Center
Community Access Services, Inc.
Community Services, Inc.
Cornerstone Associates, Inc.
Creative Supports, Inc.
Douglas Residential Training Facilities
Dungarvin
EASTCO Diversified Services
Eastern Oregon Employment Services
Eastern Oregon Support Services
Edwards Center, Inc.
Full Access Brokerage
Galt Foundation
Garten Services, Inc.
Good Shepherd Communities
Horizon Project, Inc.
Independent Environments, Inc.
Integrated Services Network
LCC Spec. Employment Services
Lake Activity Center
Living Opportunities, Inc.
Marie Mills Center
McKenzie Personnel Systems
New Day Enterprises, Inc.
NISH Northwest Region
Olson Institutional Pharmacy
ONET/Empire Pacific Risk Mgt.
Opportunity Foundation of Central OR
Oregon Council on Dev. Disabilities
Oregon Rehabilitation Housing Assn.
Oregon Supported Living Program
Oregon Technical Assistance Corp.
Partnerships in Comm. Living (PCL)
Pathway Enterprises, Inc.
Pearl Buck Center, Inc.
Philadelphia Insurance Companies
Port City Development Center
Rainbow Adult Living
REACH, Inc.
Residential Assistance Program
Resource Connections of Oregon
RISE
Riverside Training Centers, Inc.
Shangri-La Corporation
Southern Oregon Regional Brokerage
SPARC Enterprises, Inc.
St. Vincent dePaul Society, Lane Co.
Step Forward Activities, Inc.
Sunrise Enterprises, Inc.
Tualatin Valley Workshop, Inc.
Umpqua Homes for Handicapped
Wellspring Services, Inc.
Willamette Valley Rehab. Center
WITCO

February 10, 2005

Committee for Purchase from People
Who Are Blind or Severely Disabled
1421 Jefferson Davis Highway
Jefferson Plaza 2, Suite 10800
Arlington, VA 22202-3259

Re: Docket Numbers 2004-01-01; 3037-001; 3037-002; 3037-003; 3037-004; 3037- New

Dear Mr. Heyer:

The Committee for Purchase from People who are Blind or Severely Disabled is soliciting comments on its proposed rules to establish new Governance Standards for Central Nonprofit Agencies (CNAs) and nonprofit Community Rehabilitation Programs (CRPs) participating in the Javits-Wagner-O'Day program (JWOD). The Oregon Rehabilitation Association (ORA) appreciates the Committee's interest in receiving comments on these proposed requirements and is pleased to respond to your request.

ORA is Oregon's only statewide Association representing CRPs. Of course we also assist them in their efforts to create employment opportunities through Oregon's state use program. Oregon CRPs employ more than 6,000 people with verified disabilities and produce more than \$40 million in goods and services for Oregon public agencies. The laws and rules governing state use contracting in Oregon are for the most part based on those governing the JWOD program.

ORA fully supports the Committee's stated interest in maintaining the integrity of the JWOD program through governance standards that are "common practice in nonprofit and business communities." We agree that adherence to certain governance standards helps promote the high level of public support the Committee seeks for JWOD's employment mission and that such support is integral to the perceived integrity of the JWOD program.

We are uncertain, however, that the regulations the Committee proposes will accomplish the stated purpose. In fact, we fear that some of the proposed regulations may actually hinder the employment mission of the program by pushing qualified nonprofit organizations away from developing jobs through JWOD participation. Consequently, it is our recommendation that the Committee examine further the consequences of its proposed regulations in light of the "common practice" standard before adopting them.

Among ORA's Concerns:

- 1) Governance standards and the monitoring of compliance to standards have commonly been the responsibility of the Internal Revenue Service and the state in which a nonprofit operates. The United States Senate is considering legislation to improve nonprofit governance standards and reporting. By adding a new independent layer of standards, the Committee risks developing requirements that are not consistent with other governing bodies. We recommend that the Committee provide input to the IRS and other possible governing bodies in their development of governance standards rather than developing the Committee's own independent regulations.
- 2) Adding an independent layer of regulations creates an unnecessary administrative burden for nonprofits to demonstrate compliance. Where the regulations are the same as other governing bodies demonstrating compliance is duplicative. Where the regulations differ from other governing bodies, it will become necessary for the Committee to develop audit or monitoring capabilities. It is ORA's recommendation that the Committee rely on the reporting requirements and consequences for noncompliance established by the governing bodies designated to set nonprofit governance

standards. In this manner, the Committee can avoid creating an independent compliance mechanism which incurs unnecessary JWOD expense.

- 3) The Office of Management and Budget (OMB) estimated that the time to complete the new annual certification process is nineteen (19) hours. Our estimates are significantly higher. If our estimates are correct, this unfunded requirement reduces the capability of a qualified nonprofit agency to provide competitive pricing and could lead to an inability to offer jobs through JWOD projects. We recommend that the Committee examine this issue further with qualified nonprofit organizations to determine the true level of administrative burden created by the regulation.
- 4) Executive compensation is an issue of perceived fairness, honesty, and integrity. It is also highly complex when balanced with the need for organizations to put highly skilled personnel into executive positions to manage both a social and financial bottom line. Indexing compensation against a government pay scale unrelated to the nonprofit industry is arbitrary and uncommon. It is our recommendation that, if the Committee is determined to establish a pay scale limitation, it should look for more suitable indexes or formulae that take into consideration the size, mission, and overall program scope of the qualified nonprofit agency.

Based on our own experiences, ORA concurs with the Committee that “the overwhelming majority of nonprofit agencies operate in an ethical and accountable manner.” For this reason alone, we urge the Committee to be certain that the rules it adopts will actually identify those who abuse the privilege of holding JWOD contracts and not discourage any member of the ethical majority from using the program to offer jobs to those they serve.

Thank you for providing the opportunity to comment.

Sincerely,

Tim Kral
Executive Director